



City of Bentonville, Arkansas

Popular Annual Financial Report

FY ended December 31, 2023

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About the Popular Annual Financial Report

The Popular Annual Financial Report (PAFR) is designed to provide a better financial understanding of our city government, local economic conditions and where the City's financial position stands. This report is presented in accordance with guidelines from the Government Financial Officers Association (GFOA) and contains information from the City's 2023 Annual Comprehensive Financial Report (ACFR).

The PAFR is presented in an understandable and user-friendly manner. It is not intended to be a replacement for the ACFR which can be found by visiting the City's website or by scanning the QR code below.



A Message from the Finance Director

We are pleased to present the City of Bentonville's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2023.

Sales tax is one of Bentonville's primary sources of revenue and the City continues to see strong sales tax receipts year over year. The City provides a wide range of municipal services, include police and fire protection, planning and zoning, street improvements and maintenance, parks, cultural events and general administrative services. We also provide electric, water resources and solid waste management services for our citizens.

Maintaining infrastructure and amenities are key to Bentonville's quality of life. The City continues to complete construction projects from the 2021 voter approved bond referendum. Of those projects, the Library Expansion and Phillips Park renovation are expected to be completed in 2024. Additionally, our numerous Street and Drainage projects continue to ease closer to completion.

Thank you for taking interest in your local government. Our Finance team takes our responsibility as stewards of the City's financial resources seriously. We invite you to share any questions, concerns or comments with us.

Patrick D. Johndrow
Finance Director

Elected Officials

Stephanie Orman
Mayor
Email: sorman@bentonvillear.com

Beckie Seba
Council Member
Ward 1, Position 1
Email: bseba@bentonvillear.com

Aubrey Patterson
Council Member
Ward 3, Position 1
Email: apatterson@bentonvillear.com

Gayatri Agnew
Council Member
Ward 1, Position 2
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Bill Burckart
Council Member
Ward 3, Position 2
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Cindy Acree
Council Member
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Octavio Sanchez
Council Member
Ward 4, Position 1
Email: osanchez@bentonvillear.com

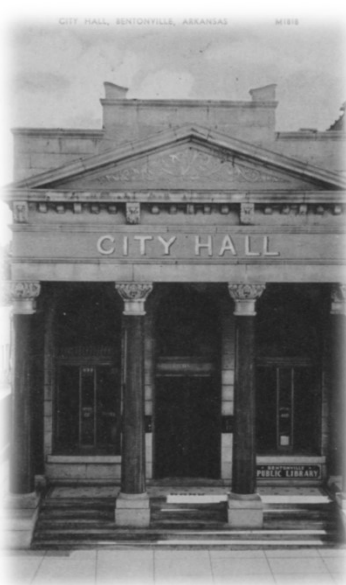
Chris Sooter
Council Member
Ward 2, Position 2
Email: csooter@bentonvillear.com

Holly Hook
Council Member
Ward 4, Position 2
Email: hhook@bentonvillear.com

History of Bentonville

Named after Benton County, the City of Bentonville was incorporated in January of 1873. By 1900, Bentonville had a city-owned light and water plant and was working on a sewer program. In the early days, agriculture was the backbone of the local and regional economy. In May of 1950, Sam Walton opened Walton's 5 and 10 store on the Bentonville square. Over time, Wal-Mart has grown to be the nation's largest retailer and Bentonville has grown into a thriving business and tourist community.

In May 2020, the U.S. Census Bureau recognized Bentonville as the 5th fastest growing large city in the United States. With ongoing announcements of a variety of new housing options and businesses, along with an inspiring entrepreneurial spirit, a focus on expansive trail systems and natural open spaces for all to enjoy, the City continues to receive awards and recognition as one of the best places in the United States to live, work and play.



Demographics

(2020 U.S. Census Data)

- ❖ Total population: 54,164
- ❖ 34% of the total population is a minority.
- ❖ Total # of housing units: 22,436
- ❖ 91% of all housing units are occupied
- ❖ Median value of owner-occupied household unit: \$281,800
- ❖ Median Household Income: \$89,653

Top Employers

Wal-Mart/Sam's Club	18,000+
Mercy Health System of Northwest Arkansas	2,500+
Bentonville School District	2000-2499
City of Bentonville	500-999
Northwest Arkansas Community College	500-999
Northwest Arkansas Health Systems	500-999
Benton County	500-999
Arvest Bank Group	100-499



The Ledger – Downtown Bentonville



2023 marked 150 years since Bentonville was incorporated in 1873. Citizens and city staff celebrated throughout 2023 with a variety of activities including a special edition calendar and coloring book, tree giveaway, bike drive and a roaming Cozy Apple.



Mission Statement

The mission of the Bentonville City Government is to preserve, promote and sustain an excellent quality of life within our city. In partnership with the community, we pledge to deliver municipal services in a professional, personal, responsive manner.

City Statistics for 2023

1,660

Building
permits
issued

4,938

EMS related
calls for
service

50,908

Police calls for
service

757,632

Recreation
program
participants

20,211

Library card
holders

27,801

Electric
Customers

12,693

Building
inspections
performed

Financial Highlights – Governmental Activities



K-9 Rock



Fire Training Tower



Bright Road Extension



Melvin Ford Aquatic Center

Governmental funds are used to account for tax-supported activities. Bentonville's governmental funds include the General Fund, Street Fund, Capital Project Fund, Federal Grant fund, Debt Service Fund and other Nonmajor Governmental Funds.

The City's basic services, including police and fire protection, parks and recreation, streets, community and economic development services, maintenance and capital improvements are accounted for in these funds.

In 2023, Bentonville again experienced increased revenues in property tax, sales tax, state turnback and charges for services due to population growth in the City as more people choose to make Northwest Arkansas their home.

Our expenditures were greater than our revenue due to capital projects being funded by bond proceeds and revenues collected in prior periods.

FUND BALANCE BREAKDOWN AS OF DECEMBER 31, 2023

Nonspendable	
Prepaid expenditures	1,237,967
Restricted	
Debt service	11,191,216
General capital improvements	99,873,290
New growth	8,825,192
Street improvements	9,555,814
Other	45,862
Assigned	113,406
Unassigned	100,866,600
TOTAL FUND BALANCE	231,709,347

Financial Activity Statement for Years Ended December 31

REVENUES	2021	2022	2023
Property tax	9,991,396	10,862,520	12,164,459
Sales tax	53,430,685	61,656,404	75,279,515
State turnback	5,194,343	6,635,017	6,717,895
Impact fees	4,150,437	3,569,012	2,978,848
Franchise taxes	5,704,169	6,060,409	6,017,352
Charges for services	4,995,247	6,087,290	8,062,968
Fines and forfeitures	485,950	438,621	495,790
Licenses and permits	2,735,351	2,356,101	2,501,254
Grants	5,384,052	9,996,085	10,664,621
Contributions	518,580	2,630,861	13,642,135
Interest	220,895	1,420,733	6,610,850
Investment income	(5,764)	(673,868)	673,823
Miscellaneous	1,853,126	2,373,641	5,491,292
TOTAL REVENUES	\$94,658,467	\$113,412,826	\$151,300,802
EXPENDITURES			
General government	9,031,264	9,559,743	10,726,626
Public safety	25,433,415	28,215,635	31,285,629
Recreation	10,558,612	11,439,318	13,151,075
Street Department	3,741,945	4,390,627	4,325,578
Library	1,683,391	1,919,436	2,305,043
Capital outlay	16,221,216	49,213,572	69,297,350
Debt service			
Principal	15,728,796	19,495,000	19,935,000
Interest	704,303	2,215,029	1,575,556
Bond issue costs	801,490	-	689,040
TOTAL EXPENDITURES	\$83,904,432	\$126,448,360	\$153,290,897
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,200,728	97,475	70,925
Debt proceeds	84,045,000		55,182,800
Original issue premium	5,127,487		
Transfer to Escrow Agent	(11,773,874)		
Transfers in	702,614	11,849,599	7,166,240
Transfers out	(702,614)	(11,849,599)	(7,225,223)
NET CHANGE IN FUND BALANCES	\$89,353,376	(\$12,938,059)	\$53,204,647
Fund Balances, Beginning of Year	102,089,383	191,442,759	178,504,700
FUND BALANCES, END OF YEAR	\$191,442,759	\$178,504,700	\$231,709,347

Financial Highlights – Governmental Activities

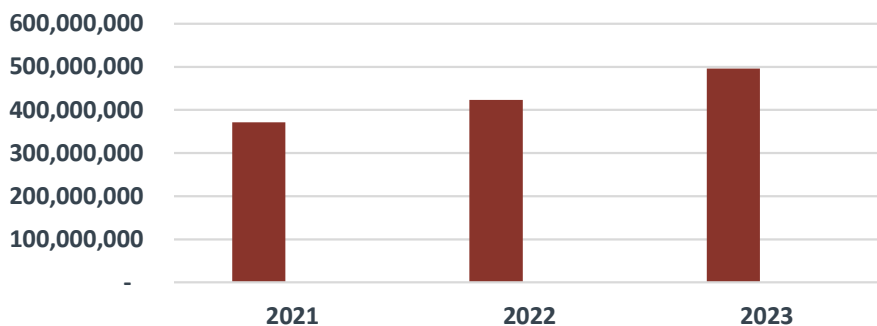
Statement of Net Position

The statement of net position presents all the City of Bentonville's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as the net position.

Bentonville's fiscal year runs January 1 to December 31. The City's statement of net position and statement of activities for fiscal years ending December 31, 2021-2023 are shown in the charts below.

ASSETS	2021	2022	2023
Current and Other Assets	218,826,561	218,733,085	280,974,168
Capital Assets	296,198,023	339,816,823	398,702,504
TOTAL ASSETS	\$ 515,024,584	\$ 558,549,908	\$ 679,676,672
Deferred Outflows of Resources	10,818,508	14,652,154	24,867,589
LIABILITIES			
Long-Term Liabilities	120,931,655	108,603,251	164,559,594
Other Liabilities	17,592,479	28,430,973	38,842,286
TOTAL LIABILITIES	\$ 138,524,134	\$ 137,034,224	\$ 203,401,880
Deferred Inflows of Resources	15,876,309	12,542,775	5,314,634
NET POSITION			
Net Investment in Capital Assets	293,728,622	334,555,966	385,756,761
Restricted	36,106,223	35,980,792	35,809,709
Unrestricted	41,607,804	53,088,305	74,261,277
TOTAL NET POSITION	\$ 371,442,649	\$ 423,625,063	\$ 495,827,747

Net Position



Activities/Changes in Net Position

	2021	2022	2023
Revenues	100,960,871	123,355,921	158,824,274
Less: Expenses	65,040,476	71,173,507	86,621,590
Transfers	-	-	-
INCREASE (DECREASE) IN NET POSITION	\$ 35,920,395	\$ 52,182,414	\$ 72,202,684
Net Position, Beginning of Year	335,522,254	371,442,649	423,625,063
NET POSITION, END OF YEAR	\$ 371,442,649	\$ 423,625,063	\$ 495,827,747



Over time, increases or decreases in the City's *net position* may be an indicator of whether the financial situation of the City is improving or deteriorating.

The City of Bentonville's overall net position **increased 19.4% or \$72.2 million** from the prior fiscal year. The three components of net position are:

NET INVESTMENT IN CAPITAL ASSETS

The most significant portion of net position (**77.8% or \$385.8 million**) is invested in capital assets. Bentonville uses these capital assets to provide a variety of services to its citizens (street construction, park improvements, etc...). For that reason, these assets are not available for future spending. Bentonville's investment in capital assets is reported net of related debt.

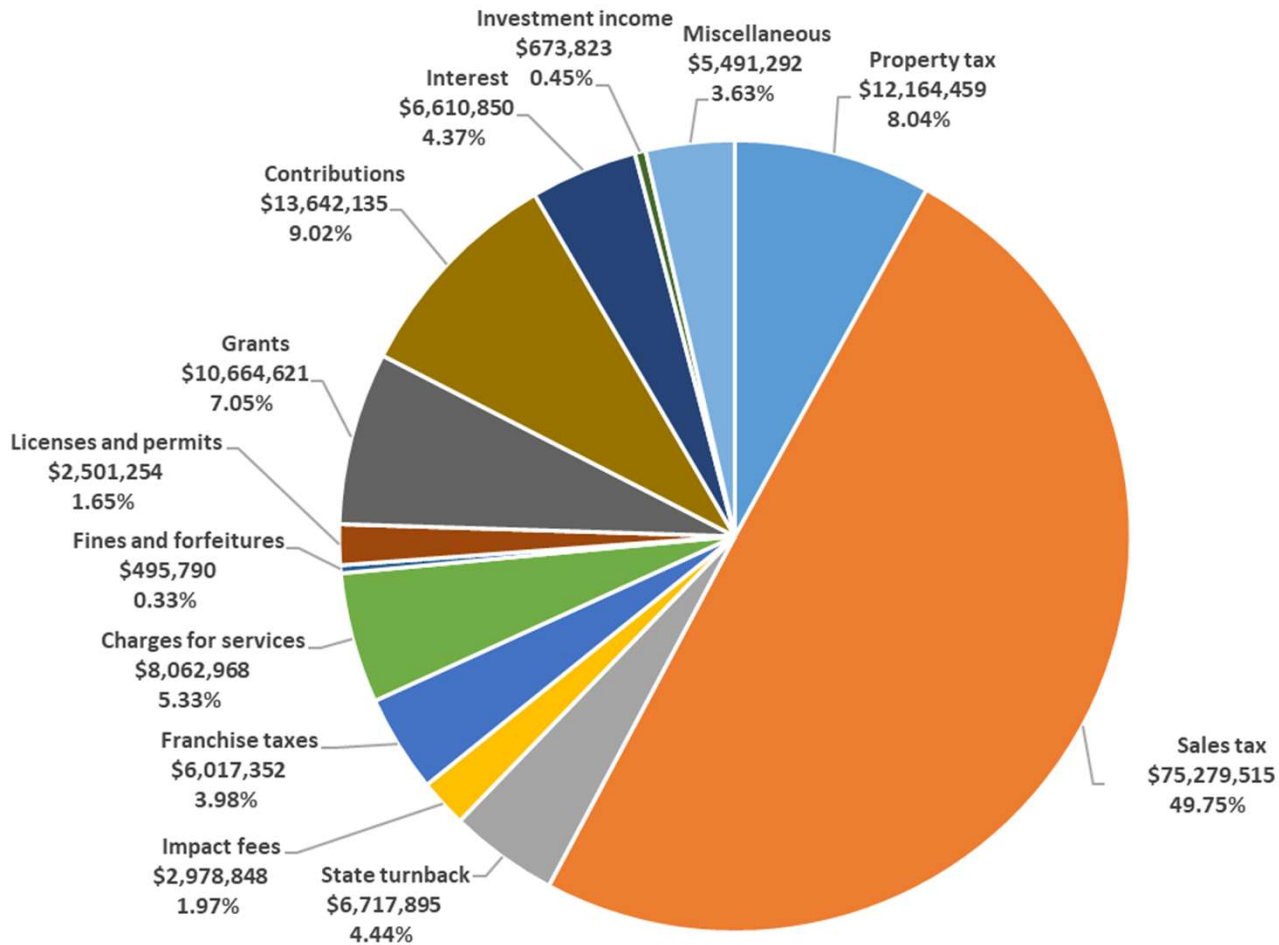
RESTRICTED NET POSITION

This portion of net position (**7.2% or \$35.8 million**) is restricted, representing funds that are limited to construction activities, payment of debt or specific programs by law. Examples include street projects paid with bond funds and grant monies received to fund special City projects.

UNRESTRICTED NET POSITION

The remaining portion of net position (**15% or \$74.2 million**) is unrestricted, representing resources which are available for services.

Governmental Revenues – Where Does the Money Come From?

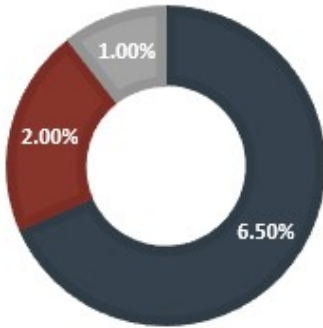


Below are brief descriptions of a selection of the City's revenue sources:

- **Sales Taxes** are taxes paid to a governing body for the sales of certain goods and services.
- **Property Taxes** are levied on the assessed value of all real property and certain personal property located within the City.
- **State Turnback** funds are a portion of revenues the City receives from the State of Arkansas highway funds.
- **Impact Fees** are one-time payments made by developers to help fund the financial impact that new development places on public infrastructure.
- **Franchise Taxes** include revenue received from utility (telecommunication) companies for the right to operate within the City. The City owned utilities (Electric, Water and Wastewater) also pay a 5% franchise fee.
- **Charges for Services** includes revenues received from services and/or programs provided by the City such as recreation programs.
- **Licenses and Permits** include revenues from building permits, business licenses and liquor licenses.
- **Contributions** include donations, sponsorships and development agreements.

CITY OF BENTONVILLE SALES TAX RATE (9.5%)

■ State of Arkansas ■ City of Bentonville ■ Benton County



Sales and Use Tax

Sales tax is the largest source of revenue for the City's general government funds. The sales tax rate in the City of Bentonville is 9.5%. The City receives 2% of this total distributed as follows:

- 1% comes back to the City to fund operations
- 1% is distributed to our trustee for debt services. Of this amount, 80% is applied to debt obligations and 20% is returned to the City to fund capital purchases.

The City continues to experience increases in sales tax revenues year over year as our population increases and events continue to draw visitors from outside our area.


49.75%

SALES AND USE TAX IS
THE LARGEST SINGLE SOURCE OF
GOVERNMENTAL FUND REVENUE

SALES TAX REVENUE 2021 - 2023

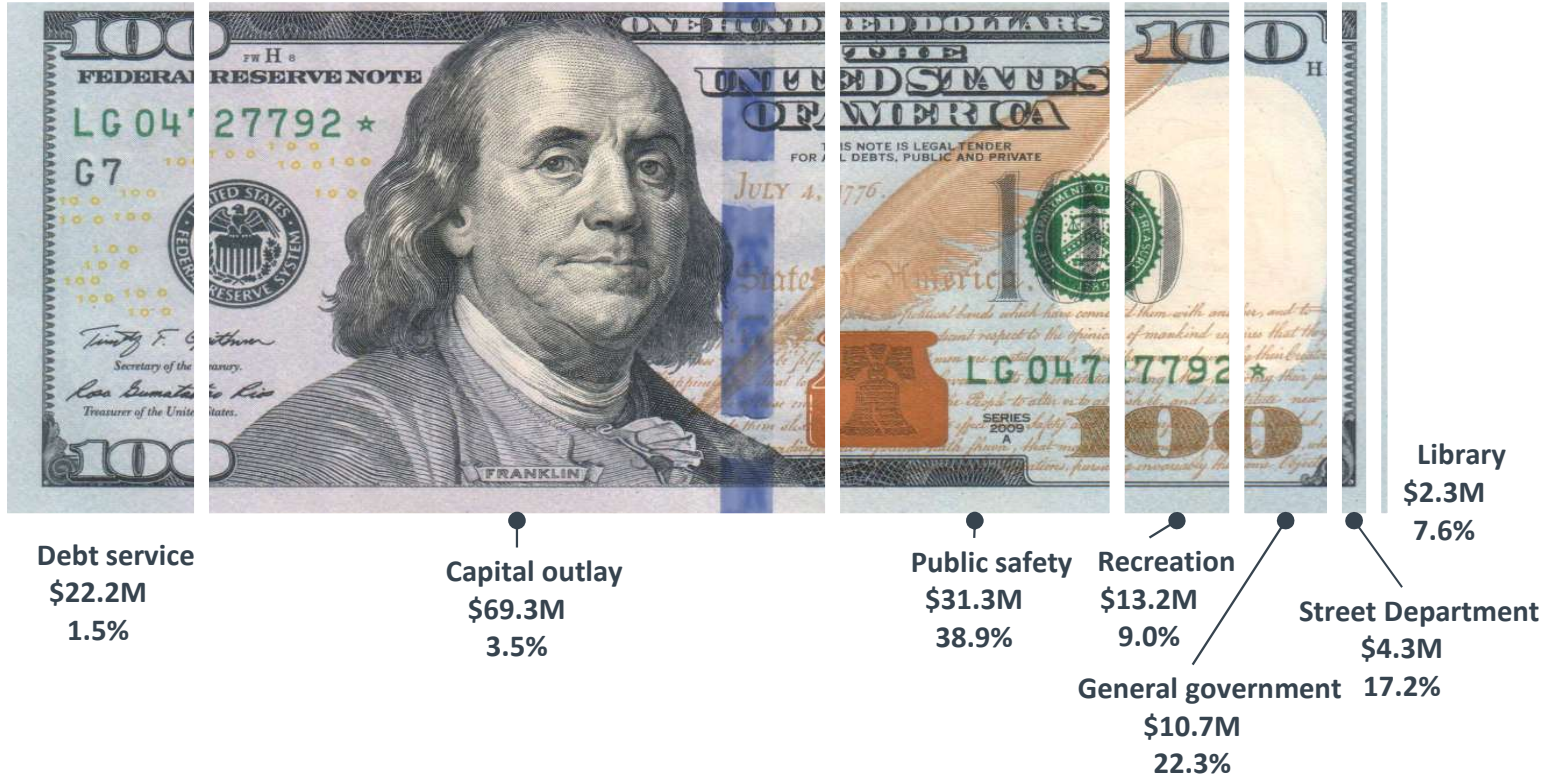


Other Highlighted Revenues



PROPERTY TAXES AND STATE
TURNBACK ACCOUNT FOR A
COMBINED TOTAL OF 12.48%
OF TOTAL GOVERNMENTAL
FUND REVENUE

Governmental Expenditures – Where Does the Money Go?



The City is organized into various departments and functions to provide services to its citizens, businesses and visitors.

- **General Government** includes expenditures for the administrative departments of the City, such as Mayor and City Council, Human Resources, Accounting and Finance, Legal and Information Technology.
- **Public Safety** expenditures are related to providing Police and Fire services and protection.
- **Recreation** includes program administration and facility maintenance for the community center and parks.
- **Street Department** expenditures are associated with the maintenance of streets, keeping the streets passable in inclement weather and keeping them clean.
- **Library** expenditures help to engage our community, encourage discovery and promote literacy by offering lifelong learning opportunities.
- **Capital outlay** expenditures are related to construction of capital projects within the City, such as streets, building and parks improvements.
- **Debt service** expenditures include principal and interest payments on general and special obligation debts.



Animal Shelter

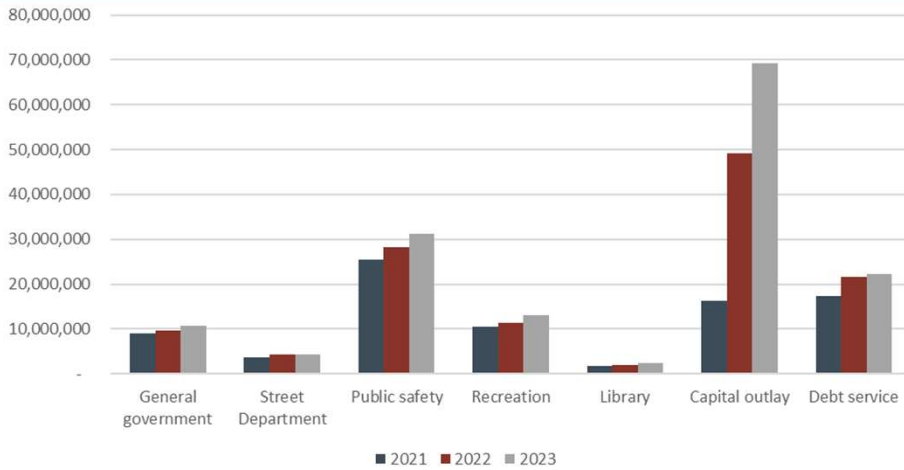


Creekside Park Splash Pad



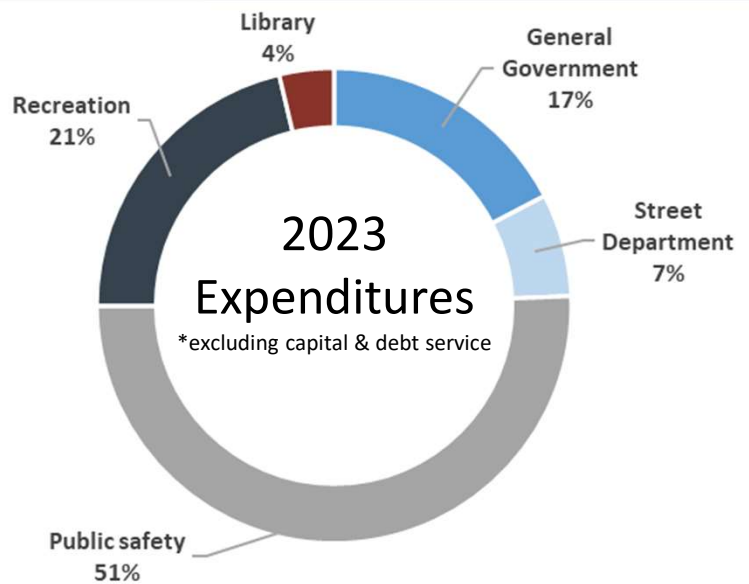
SE 8th Roundabout

Major Governmental Expenditures



Over the past 3 years, the City has seen increases in all expenditure categories. The significant increase in capital outlay is attributable to projects related to the 2021 bond issuance and numerous recreation and infrastructure improvements ongoing throughout the City.

Excluding capital outlay and debt service, **51%** of governmental funds go towards funding **Police and Fire**

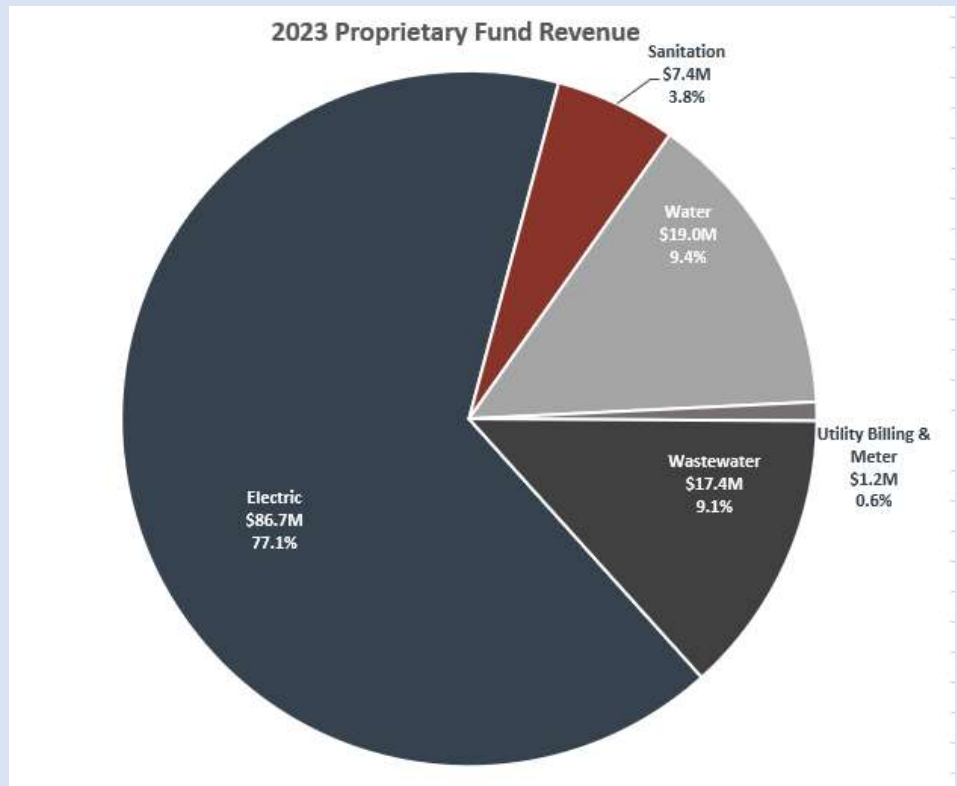


Bentonville Public Library Expansion

Financial Highlights – Proprietary Funds

Proprietary funds (also known as Enterprise funds) are used to report the same functions as presented as *business-type activities* in the government-wide financial statements. These funds, in general, charge customers for services provided. The business-type activities of the City include Electric, Water, Wastewater, Sanitation and related support departments which comprise the Utility fund.

In 2023, total operating revenues for the fund totaled \$124,360,215. The City also continued to see developer funded infrastructure revenue, which is revenue contributed by 3rd parties to provide electric infrastructure for large privately funded projects.



Statistics

# Electric Substations	9
Total Electric Distribution Lines (Miles)	1,051
Total Water Line Miles	383
# Meters Read	683,357
# Payments Processed	263,632



Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds for Years Ended December 31

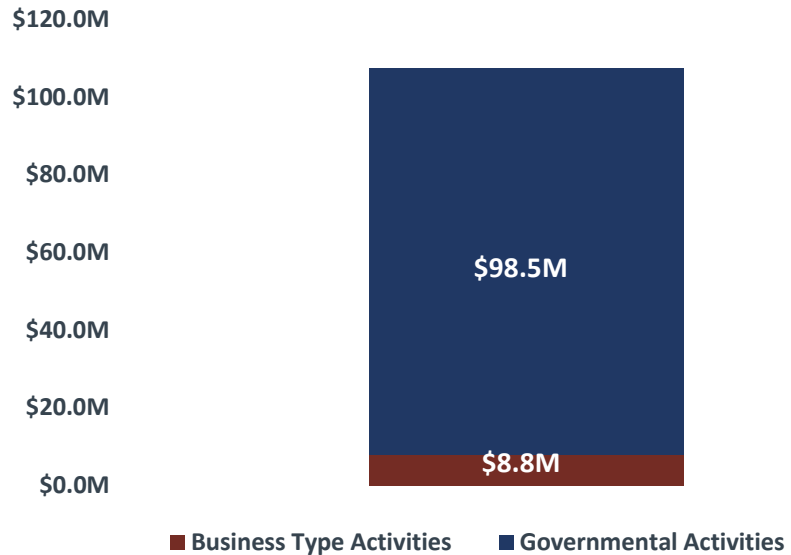
	2021	2022	2023
OPERATING REVENUES			
Charges for services	113,703,329	127,087,773	124,279,299
Other, net	341,244	412,949	80,916
TOTAL OPERATING REVENUES	\$114,044,573	\$127,500,722	\$124,360,215
OPERATING EXPENSES			
Salary and fringe benefits	11,430,736	14,801,264	16,581,237
Contract purchases	94,332,106	84,423,831	78,073,306
Maintenance	1,577,519	2,094,033	2,433,314
Depreciation and amortization	7,985,896	8,341,767	12,603,298
Materials and supplies	1,308,097	1,410,327	1,873,679
Other services and charges	7,328,732	7,950,409	8,565,069
TOTAL OPERATING EXPENSES	\$123,963,086	\$119,021,631	\$120,129,903
OPERATING INCOME (LOSS)	(\$9,918,513)	\$8,479,091	\$4,230,312
NONOPERATING REVENUE (EXPENSE)			
Interest income	142,419	222,928	1,138,890
Investment income	(4,166)	(440,065)	449,044
Bond interest and fiscal agent charges	(193,916)	(451,790)	(238,334)
Gain on sale of capital assets	69,585		5,000
Grants	6,693,949	223,439	76,561
NET NONOPERATING REVENUES (EXPENSES)	6,707,871	(445,488)	1,431,161
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(\$3,210,642)	\$8,033,603	\$5,661,473
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions	3,675,053	7,051,584	4,881,300
Capital grants		2,565,148	-
Transfers In	-		58,983
Developer funded infrastructure revenue	41,139,601	10,200,218	2,245,817
CHANGE IN NET POSITION	\$41,604,012	\$27,850,553	\$12,847,573
Net Position, Beginning of Year	259,093,707	300,697,719	328,548,272
Net Position, Restatement	-	-	-
NET POSITION, END OF YEAR	\$300,697,719	\$328,548,272	\$341,395,845

Debt Obligations

In June 2021, the City issued \$84,045,000 in Sales and Use Tax Bonds. These bonds were used to refund the series 2009, 2010 and 2017 Bonds and to fund a portion of the costs of various capital improvements for the City. An additional \$54,119,532 in Sales and Use Tax Bonds were issued in December 2023 to continue funding capital projects voted on by the citizens in February 2021. Bonds are a great way for financially strong cities such as Bentonville to get the funding needed for important capital improvements by using existing tax revenue instead of increasing taxes.

In April 2022, the City issued \$12,255,000 in revenue bonds. These bonds were used to refund the series 2000, 2006A and 2006B bonds and to recover a portion of the cost the City incurred during the Winter 2021 storm.

City of Bentonville's Long-term Debt



Governmental Activities – Long-term Debt Obligations

	Interest Rates	Final Maturity Date	Principal at December 31, 2023
Sales and Use Tax bonds, Series 2021A	.32%-1.10%	2025	\$ 3,040,000
Sales and Use Tax bonds, Series 2021B	1.05%-5.00%	2046	\$ 41,575,000
Sales and Use Tax bonds, Series 2023	4.125-5.00%	2046	\$ 53,890,000
Governmental Activities Total Bonds			\$ 98,505,000

The table above shows the General Obligation bonds which were issued for the Governmental Activity funds. These bonds are backed by the credit and taxpaying power of the city and require a public vote to issue. These bonds are secured by the pledge of and are payable from the capital tax.

Business Type Activities – Long-term Debt Obligations

	Interest Rates	Final Maturity Date	Principal at December 31, 2023
Revenue bonds, Series 2022A	2.44%	2028	\$ 6,410,000
Revenue bonds, Series 2022B	2.01%	2028	\$ 2,375,000
Business Type Activities Total Bonds			\$ 8,785,000

The table above shows the Revenue bonds which were issued for the Business Type Activities funds. These bonds are secured by future income streams, such as utility revenues.

SCAN ME



Visit the City's website for information about City services, community events, employment opportunities, public safety tips and more.



Please refer all questions, comments or suggestions regarding the 2023 Popular Annual Financial Report to:

City of Bentonville, Arkansas
Finance Department
1000 SW 14th Street
Bentonville, AR 72712